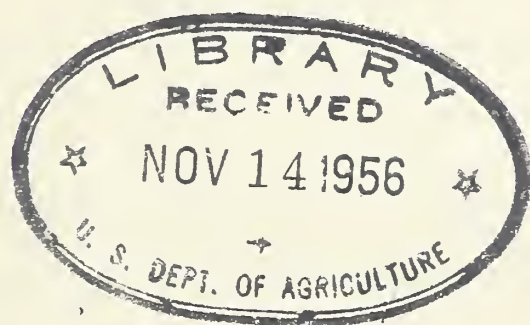


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Progress in the Rural Development Program



First Annual Report
of
The Secretary of Agriculture

September 1956

Department of Agriculture
Washington, D. C.

The President
The White House

Dear Mr. President:

The economic strength of American agriculture rests in great part on the ability of our family farms to meet the challenge of adjustment to changing conditions. All of our agricultural programs have this main objective--to help farmers on family-type farms maintain and strengthen their position in a dynamic economy.

For more than a million of our farm families, however, the need to adjust operations to modern-day trends presents complex problems. In response to your request that special attention be given to this group of American farm people, the Department of Agriculture and other Federal departments working in close cooperation with the States have inaugurated a broad new program especially to develop low-income rural areas. Proven methods of farm, industry, and community improvement under general direction of State, county and community leaders will be relied upon primarily. Improved procedures will be undertaken.

The new Rural Development Program will help these families on small farms with limited resources to attain greater opportunities in an expanding economy. As it moves forward, the program will bring significant benefits to farm families: Better farming and homemaking--opportunities to earn income off the farm, and training to take advantage of such opportunities--increased education--improved health and family welfare--greater participation in community life.

These are long-term goals. There are no easy solutions to difficult economic and social problems in underdeveloped rural areas.

But it is our firm belief, shared by informed leadership throughout the Nation, that the Rural Development Program will prove effective in the drive for more rapid progress for families that need more incomes and better living. It has already stimulated an impressive amount of State organization and activity--and Nation-wide interest. Already many pilot areas are showing progress.

The program is proceeding along the lines of the general recommendations we made in April 1955. At the time I recommended that in September of each year beginning with 1956, the Secretary of Agriculture should submit a comprehensive report concerning "progress... and plans for advancing the program..."

On behalf of the five Federal departments and more than 24 States, 54 local counties and areas and the many organizations and individual leaders that are actively at work with the Rural Development Program, I transmit herewith this first annual report.

Respectfully yours,

A handwritten signature in dark ink, appearing to read "Eugene B. Benson". The signature is fluid and cursive, with a large loop at the end of the last name.

Secretary

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I.--Program Highlights: Summary of the Report

Encouraging increased cooperation between Government and non-Government agencies, with rural county leaders in a directing role, the Rural Development Program is now planned or under way in half the 48 States. This first annual report on the program describes progress made in planning, building support for the program, and going into early operations in several States. These are the highlights:

1. In April 1955, we made nine general recommendations to promote improved farming, new job opportunities, training in nonagricultural skills, research, and community initiative in underdeveloped rural areas. Every one of these recommendations is being put into action as part of the Rural Development Program.

2. To assist State leaders in the Rural Development Program, the Department of Agriculture asked the 84th Congress for new credit and agricultural extension authority, 2.5 million in appropriations, and additional lending authority. The Department of Labor asked for about \$900,000 to provide special employment aid. The Department of Agriculture received the requested authority, and loan funds, and slightly more than \$2 million in appropriations. This appropriation was made in the closing days of the Congress. The Department of Labor request was denied.

3. As of July 1, 1956, ten States--Pennsylvania, Wisconsin, Ohio, North Carolina, West Virginia, Tennessee, Texas, Oklahoma, Georgia, and Maryland--had already shown progress with work leading to community economic improvement in Rural Development Program pilot counties. Ten other States had begun program planning: Alabama, Illinois, Indiana, Kentucky, New Mexico, Virginia, Minnesota, South Carolina, Arkansas, and Mississippi.

4. Rural Development Committees, broadly representative of agricultural and nonagricultural interests, and other leaders in 24 States have now named 54 pilot rural counties and areas where the program will be focused in 1956-57. Special educational, technical, administrative, and farm credit aid will support projects in these counties as they move toward balanced farm-industry-community development.

5. Organization in the Rural Development Program is built around State and pilot county committees. Representatives of all appropriate agencies--agricultural, industrial development, educational, health and welfare, etc.--make up most State Rural Development Committees. In the counties, farm, banking, business, civic, and church leadership will guide most programs, with public agencies giving close support.

6. With new authority to allocate specific funds outside the regular Smith-Lever Act formula, the Federal Extension

Service is cooperating closely with State extension services in meeting the need for on-the-farm educational and community assistance in pilot counties.

7. Major changes in the lending authority of the Farmers Home Administration mean that many more small farmers will receive crucial credit aid in financing home improvement, better buildings, new tools, and farm expansion.

8. The Farm Credit Administration has obtained broader authority from Congress so that the Federal Land Banks may make loans to farmers who supplement their incomes with off-the-farm employment.

9. A main objective in Rural Development Program areas is industry and business expansion. Through a variety of projects, private organizations and Federal and State agencies will push this phase of the program during the coming year.

10. A principal lesson learned during the first year of program planning and operation is the need for broad participation by all interested groups and agencies at the start, when States and counties are organizing the work.

11. New research centered on area economic improvement, farm family living, and Rural Development Program projects will supply continuing information as planning and operations gain momentum.

12. Statements by farm spokesmen and the findings of Congressional committees reflect nearly unanimous agreement on what should be done to help people in underdeveloped rural areas help themselves. The Rural Development Program includes almost all the recommended measures.

II.--The Need for Action

On January 11, 1954, the special Presidential message on agriculture, addressed to the Congress, called for broad improvements in agricultural programs and placed new emphasis on the need for basic economic changes in certain farm areas. From the standpoint of long-term improvement in the American farm economy, the most important subject discussed in this message was the situation of many families on small farms and their need for special assistance. It was clearly stated that, "the chief beneficiaries of our price-support policies have been the two million larger highly mechanized farming units which produce about 85 percent of our agricultural output...Special attention should be given to the problems peculiar to small farmers."

With its call for action to improve levels of living on small farms, this Presidential message gave impetus to a basic research project and to a broad program of cooperation between

Federal and State governmental agencies and private farm, civic, and business groups. This program is now going forward in half the 48 States.

The first step toward this program for the development of agriculture's human resources was a study of resources and needs in certain rural areas. In making the study, which took place over a period of many months, the Department of Agriculture had the aid of many private organizations and individuals. "The study was a cooperative undertaking," we said upon its completion. "Task forces, heading up in the Department of Agriculture but with personnel from (other Federal departments and agencies) prepared background material. The National Agricultural Advisory Commission provided facilities for review. Substantial agreement was reached by all participating groups on the recommendations..."

Findings of these several task forces were brought together in a report "Development of Agriculture's Human Resources," issued in April 1955 and described, "as a general guide and study document rather than as a blueprint. It reveals an awareness of the magnitude and complexity of the serious problems of low-income farmers and provides a basis for increased hope and confidence on the part of those millions of citizens of our country."

Analyzing economic, social, and educational problems set forth in the report, we recommended a nine-point program to be carried forward as rapidly as legislative authority and the resources of Government agencies and private organizations permitted. Through a program that would be centered in a few counties at the start, we wanted to avoid the error of expanding too rapidly on the basis of limited experience. We recommended these main goals in the program:

- More efficient farming.

- Balanced industrial and business development.

- Improved levels of health, education, and family welfare.

- Heightened participation in religious and civic life.

We called for full participation by private individuals--farmers, businessmen, civic leaders, church leaders--in both the planning and action phases of the program. The recommended program, it was stated, would "aggressively encourage farm, business, and other leadership to assume local responsibility and unite in efforts to aid in the development of agriculture's human resources, using trade area and community development programs."

Immediately after publication of the report and recommendations, Federal Government and State representatives took vigorous action to make a start on this "Rural Development Program." Early in June 1955, agricultural leaders from Land-Grant Colleges in States with the most serious problems of low-income farming met in Memphis, Tenn. with representatives of the Departments of Commerce; Labor;

Agriculture; and Health, Education, and Welfare. The meeting was called to consider effective methods of assisting farm families that have never shared fully in the Nation's economic and social progress nor contributed as much as they would like to the Nation's production of goods and services. The conferees suggested a practical plan of organization for action in individual State and county Rural Development Programs.

As a next step, the Under Secretary of Agriculture, True D. Morse was named as the major Department of Agriculture official responsible for coordination of the Rural Development Program. He stands in the role of program coordinator. With direction of this program concentrated where it belongs--in the States and counties--we do not intend to set up a special office to "administer" the program.

Two major Rural Development Program committees were organized to coordinate Federal agency services and participation in planning, research, and action phases of the work:

- (1) The interdepartmental committee is representative of all Federal departments aiding in the program. It includes the Departments of Commerce; Labor; Agriculture; Interior; and Health, Education, and Welfare; and the Council of Economic Advisers.
- (2) Department of Agriculture agencies with major responsibility have representatives on a second committee. These agencies include the Agricultural Research Service, Farmers Home Administration, Soil Conservation Service, Federal Extension Service, Forest Service, Agricultural Marketing Service, Rural Electrification Administration, Farmer Cooperative Service, and Commodity Stabilization Service. The Farm Credit Administration also participates in the work of this committee.

During 1956, the Department of Agriculture and other Federal departments supported the launching of Rural Development Programs in those States and counties that have been the first to go forward with organized work. In most participating States, one or more representatives of Federal agencies are members of Rural Development Committees, which guide individual State programs. Agency representatives have also counseled with State leaders regarding their programs. And the Department of Agriculture has supplied essential reports and research and information material to all State leaders.

Our support of State Rural Development Programs, however, and the amount of our assistance to cooperating State agencies, was severely limited during 1956 because we did not have needed funds and legislative authority. We requested these funds and authority as early as June 21, 1955, when Under Secretary Morse testifying before a House Subcommittee said, "the program for which this supplementary

request is made is the program to aid farm people in areas of low income... The supplemental budget totals \$3 million in appropriations and \$30 million in additional lending authority... Only two legislative items need to be enacted to permit us to move forward... One is legislation which would permit the Extension Service to concentrate Federal funds in needed areas, outside the regular formula. The other is legislation which would permit the Farmers Home Administration to make loans to part-time farmers."

However, we did not receive all the necessary legislation and most of the funds requested until late in June 1956.¹

It is a source of great satisfaction to report, however, that many States where the problem of low-income farming is most pressing have taken up the Rural Development Program idea as a major new approach to balanced farm, industry, and other development. Our recommendations have met with enthusiasm and a general willingness to put them into action. As one State leader said, it is hoped the program will spread from the initial area of work and eventually become a state-wide Rural Development Program.

Several Department of Agriculture agencies now have special resources to contribute. They will fully support Government, farm, business, civic, and other leadership in the 24 States undertaking organized Rural Development Programs during the present fiscal year. Because of widespread activity in fiscal 1955-56 under local leadership, preliminary work in many areas has already been accomplished. We have a solid foundation for strengthened programs this year.

III.--Basic Recommendations: What Has Been Accomplished

All practical programs of economic improvement in underdeveloped rural areas recognize the need for action outside agriculture. Industry and business development, improved health, better education and broader vocational training, old age assistance, help in finding employment--all are essential if levels of living in underdeveloped rural areas are to move into line with those in other areas of the Nation.

With the cooperation of Federal departments and agencies, State leadership has gone forward in all sectors of the Rural Development Program. Every one of the main recommendations made in April 1955 has been put into action as part of demonstration programs during the past 12 months. Organization to gain broad program participation, improved farming, new job opportunities, vocational training in industrial

¹ The table on page 26 compares requested funds with appropriations received.

skills, better health facilities, new research--we have started moving toward each of these goals in the Rural Development Program. A comparison of our nine basic recommendations and the practical action that has followed in each case measures our progress.

Program Organization--The Use of All Skills and Resources

In discussing organization for unified rural development, we recommended that:

"Civic and business leadership, farm organizations, schools, churches, community and service clubs, local, State, and Federal governmental agencies, must all assist," and farm, business, and other leadership should "assume local responsibility and unite in efforts to aid in the development of agriculture's human resources."

Special rural development committees have now been established in 20 States. Most States with Rural Development Programs will provide guidance through these broadly representative committees. They serve to coordinate program action in a State and bring together representatives of government agencies, farm groups, and other private organizations with responsibilities for doing the job of economic improvement in the localities.

To illustrate their role, here is a typical Rural Development Committee in action. On June 11, 1956, the North Carolina State Committee on Rural Development held one of its regular meetings. Present were representatives of the Agricultural Experiment Station, the State Extension Service, the North Carolina Departments of Agriculture and of Public Instruction, Boards of Public Welfare and of Health, State ASC Committee, State Medical Society, Council of Churches, North Carolina State College, Conservation and Development Department, Production Credit Association, Social Security Administration, State Employment Service, Farmers Home Administration, and the Soil Conservation Service. During the meeting, extension specialists assisting people in the State's three pilot counties to develop programs reviewed needs in these counties and reported on progress they have made. Committee members discussed the development of industry and marketing facilities in these areas. A representative of the college described plans for early research which will provide information on needed changes in farm production. The subcommittee on health, education, and welfare gave an analysis of data concerning these areas.

Throughout the Rural Development Program area, these meetings of State leaders in the program take place regularly

as a means of exchanging ideas and giving guidance. In many States, farmers' organizations are represented on rural development committees. Observers from private agencies and organizations often attend committee meetings, and minutes are supplied to interested groups.

Several organized Rural Development Program counties named by State leaders during the past year have committees of local farm, business, banking, civic, and church leaders, with agency representatives giving close support. These county rural development committees enjoy the important advantage of firsthand knowledge of needs and resources.

Lewis County, W. Va., is typical of many pilot counties with outstanding leadership. County organization is made up of several groups with different responsibilities. These groups and the early tasks assigned them include:

1. Labor Committee--to determine potential labor supply and the amount of unemployment and underemployment.
2. Industrial Committee--to study possibilities of locating small industry in the county.
3. Farm Marketing Committee--to make recommendations for grading, inspecting, packing county farm products.
4. Education Committee--to study the school curriculum and type of vocational training for youth and to determine what kind of education meets the needs of the children.
5. Transportation and Communication Committee--to determine whether roads, transportation, and communications are adequate in the county.
6. Water Resource Committee--to study different methods of flood control.
7. Land Use Committee--to report on the present land use in Lewis County compared with recommended land use.
8. Health and Recreation--to study present health conditions emphasizing diets, school lunch programs, recreation facilities, medical service and health centers.
9. Credit and Loan Committee--to evaluate loan services, rates of interest, and credit requirements.
10. Public Assistance Committee--to study trends in county public assistance.
11. Public Facilities Committee--to determine adequacy of all public facilities, such as power, public safety, library, churches, schools, etc.
12. Natural Resources Committee--to determine the extent of coal, oil, gas, and timber resources in the county.
13. Publicity and Promotion Committee--to keep county people informed of developments in the program.

Representatives of the Department of Agriculture and other Federal departments meet regularly with individuals and the members of organizations, both in Washington and in the States, having a contribution to make in the Rural Development Program.

Soon after the program was announced, Under Secretary Morse, speaking before a church men's club, pointed out, "This program is one in which aggressive farm, business, civic, and other leadership can assume local responsibility and unite in efforts to aid in increasing the incomes of small farmers and raising their educational and living standards."

In July 1956, a national conference of major importance to program planning and action took place in Washington. This meeting, termed a Working Conference on the Rural Development Program, again showed our determination that the program include private groups and organizations, as well as State and Federal agencies. Representatives of civic and business groups sponsoring rural community improvement programs in Mississippi, Tennessee, Kentucky, Georgia, Minnesota, Arkansas, North Carolina, and West Virginia were invited to the meeting, which was called to bring together deans of agriculture, directors of extension, and other extension personnel in these representative States, and personnel of Federal departments and agencies.

Those attending the working conference emphasized that farm, town, business, and professional people should be brought into county programs from the start. "They can contribute needed skills in planning and organization, and often have important contacts with sources outside the county and area. They know the importance of rural development to the economic health of the area." (Report of the Working Conference on Rural Development, Washington, July 11-12, 1956)

The Conference named seven groups and organizations vital to the success of a county Rural Development Program: farm organizations, church leaders, civic and service clubs, major businesses, industry development agencies, news media, and most important of all, the young people.

Besides stressing the crucial need for broad participation in the program, those attending this meeting discussed what might be accomplished in fiscal 1957 and the techniques of rural community improvement that could be used in local programs.

Our second recommendation dealing with organization and an approach to the Rural Development Program called for "the launching of pilot operations is not less than 50 of the 1,000 low-income counties during the coming year."

Although Federal agencies did not have special resources during fiscal 1956 to give full support to State leaders in their effective planning and organization to start the Rural Development Program in pilot counties, these leaders have had outstanding success in a number of areas.

By July 1956, Pennsylvania, Wisconsin, Ohio, North Carolina, West Virginia, Tennessee, Texas, Oklahoma, Georgia, and Maryland had all named demonstration counties and were

moving ahead with organized programs. Many of these already had shown results. Regular State resources had been used to place extra assistant county agents in at least six pilot counties in these States in order to work on the Rural Development Program. In many demonstration counties in these 10 States, committees of local people meet regularly, as in Lewis County, to provide leadership for this work. Examples of what is being done in several of these counties indicate the pattern of rural development:

- In one pilot area the county court has appropriated money to enlarge three school buildings, establish a health clinic, and make the county poor farm a demonstration farm.
- To finance an adequate water system, the principal town in another pilot county was incorporated and issued revenue bonds. This action was taken in part to attract new industry.
- The State university furnished aid in determining potential labor supply. With cooperation from the U. S. Department of Agriculture, personnel of the agricultural economics department helped determine the labor situation and gave a definite picture of farm manpower utilization in the county.
- A dairy herd improvement association was organized to improve milk production.
- Through the work of its industrial subcommittee, the Rural Development Committee in one of the demonstration counties has encouraged a woodworking industry to establish in the county. This industry will use local timber.
- Education officials have employed two industrial teachers to provide training in vocational skills for the youth of the county.
- The State employment service has established a county office, to help local farm families find off-farm employment.
- Farmers are joining in a project, organized by the county Rural Development Subcommittee on Agriculture, to produce turkeys for a large processor outside the county.

These and other gains in farm and community living, which have taken place in pilot counties scattered over many different States, are positive evidence of the interest of local leadership and their desire to make a broad attack on rural economic, social, and local government problems.

Leaders in 24 States have now named a total of 51 pilot counties and 3 areas for the Rural Development Program during 1956-57. These counties will receive special educational, technical, administrative, and farm credit aid in moving forward with balanced farm-industry-community development.

Programs in the following pilot counties, named last year, will be expanded: Arkansas, Phillips, Van Buren, and Ouachita; Georgia, Twiggs; Kentucky, Butler, Metcalfe, and Elliott (trade area centers); Maryland, Garrett; Mississippi, Covington, Holmes, and Tippah; Missouri, Dent; New Mexico, Sandoval and Santa Fe; North Carolina, Bertie, Anson, and Watauga; Ohio, Monroe; Oklahoma, Choctaw; Pennsylvania, Fayette; Tennessee, Grainger, Hardin, Macon; Texas, Cherokee; Virginia, Cumberland and Carroll; West Virginia, Lewis (area center); Wisconsin, Price.

In addition, since July 1, 1956, twenty-three additional counties and three areas have been brought into the program by State committees: Alabama, Chilton and Fayette; Georgia, Meriwether, Wayne, and Hancock; Indiana, Perry; Louisiana, Avoyelles, Franklin, and Washington; Maine, Washington; Michigan, Delta and Mackinac; Minnesota, Carlton, Hubbard, and Itasca; Missouri, Taney and Douglas; Ohio, Guernsey; Oklahoma, Cherokee; South Carolina, Chesterfield, Berkeley; Texas, Camp-Franklin-Titus area and Shelby-San Augustine area; West Virginia, Raleigh (area center); Wisconsin, Sawyer. Illinois, Alexander-Pulaski. Two counties in Tennessee will be added to the list.

Improved Family Farming

More efficient use of farm resources and better home management hold a central place in any program for the family farm with limited opportunities. In the rural community, better farming goes hand in hand with prosperous industry and general community progress. The Rural Development Program aims at improved living standards of families on small farms through better use of resources. We made three main recommendations pointed to this goal:

"Expand and adapt agricultural extension work to meet the needs of low-income farmers and part-time farmers."

On the basis of information set forth in the study "Development of Agriculture's Human Resources," it was evident that a new approach to administering State grants for on-the-farm educational assistance would be necessary if all families in rural counties with limited resources were to receive this assistance. We proposed an amendment to the Smith-Lever Act so that disadvantaged rural areas could receive special Federal Grants for extension work. The 84th Congress passed this amendment and, in its final session, appropriated most of the money we requested to begin projects in Rural Development Program counties.

Through allocations to the 24 States participating in the program, the Federal Extension Service has now provided funds for the salaries and expenses of about 120 additional

workers to assist in pilot counties. As members of the State extension service, they will follow two main lines of work:

1. Farm and home development to help improve family living on small farms through sound planning and efficient use of resources.
2. Assistance to rural development committees in organizing and directing their programs.

During early 1956 several States strengthened extension staffs in one or more Rural Development Program pilot counties using their own resources. Now all States providing leadership in the program are receiving new assistance in meeting the vital need for guidance to families and communities in underdeveloped rural areas.

"Provide additional credit for low-income farmers, and extend Farmers Home Administration services to part-time farmers."

Since this recommendation was made, we have received broad, new authority in administering credit programs for agriculture. A larger number of family farmers will be able to obtain the tools, buildings, and land to do a better job of farming.

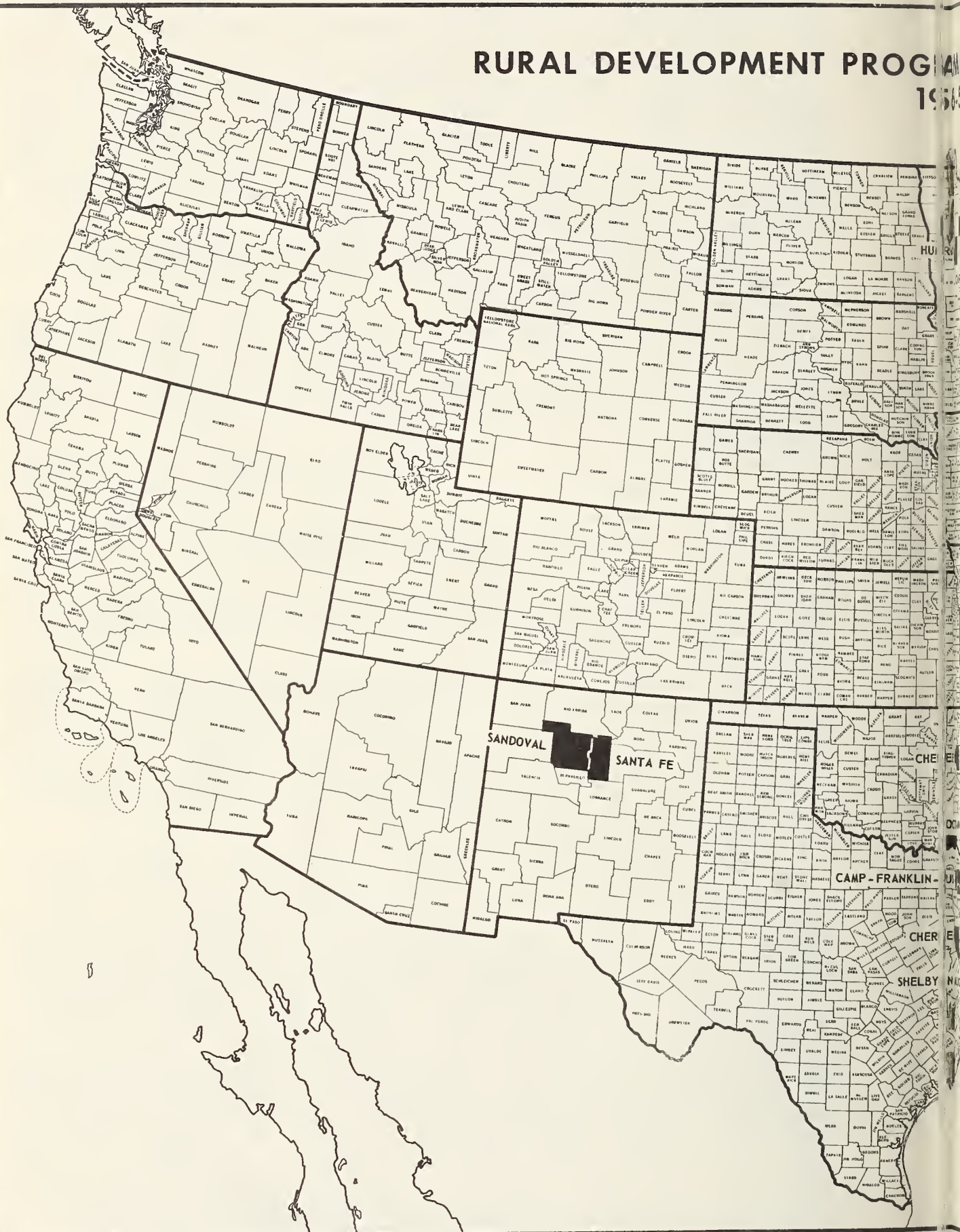
The Farm Credit Act of 1955 broadened the services which Land Banks can give to farmers. Since this act was passed, an increasing number of farmers working part-time in industry, trades, and other employment have borrowed through their local national farm loan associations. During the first six months of 1956, the Federal land banks reported 3,755 loans in the amount of \$16,836,400 on farms classified as part-time farms.

Credit officers of national farm loan associations have an opportunity to contribute experienced leadership in local Rural Development Programs. The Farm Credit Administration, which supervises the Farm Credit System, has urged district banks and corporations to keep abreast of program progress and to counsel local credit associations concerning their part in the program.

In 1955-56 the Farmers Home Administration made special allocations to the States to meet requirements for credit of family-type farmers in pilot counties. However, the agency needed new authority to broaden lending operations in rural areas with many low-income farmers and many farmers who worked part time off the farm. We called for major revisions in the Bankhead-Jones Farm Tenant Act. These were approved in the closing days of the 84th Congress. The Farmers Home Administration may now provide credit to those qualified full-time farmers and farmers with part-time farm employment who cannot obtain credit from other sources in their area. And under recent amendments to the 1949 Housing Act, FHA may also make loans for home improvement to full-time farmers and farmers working part-time off their farms.

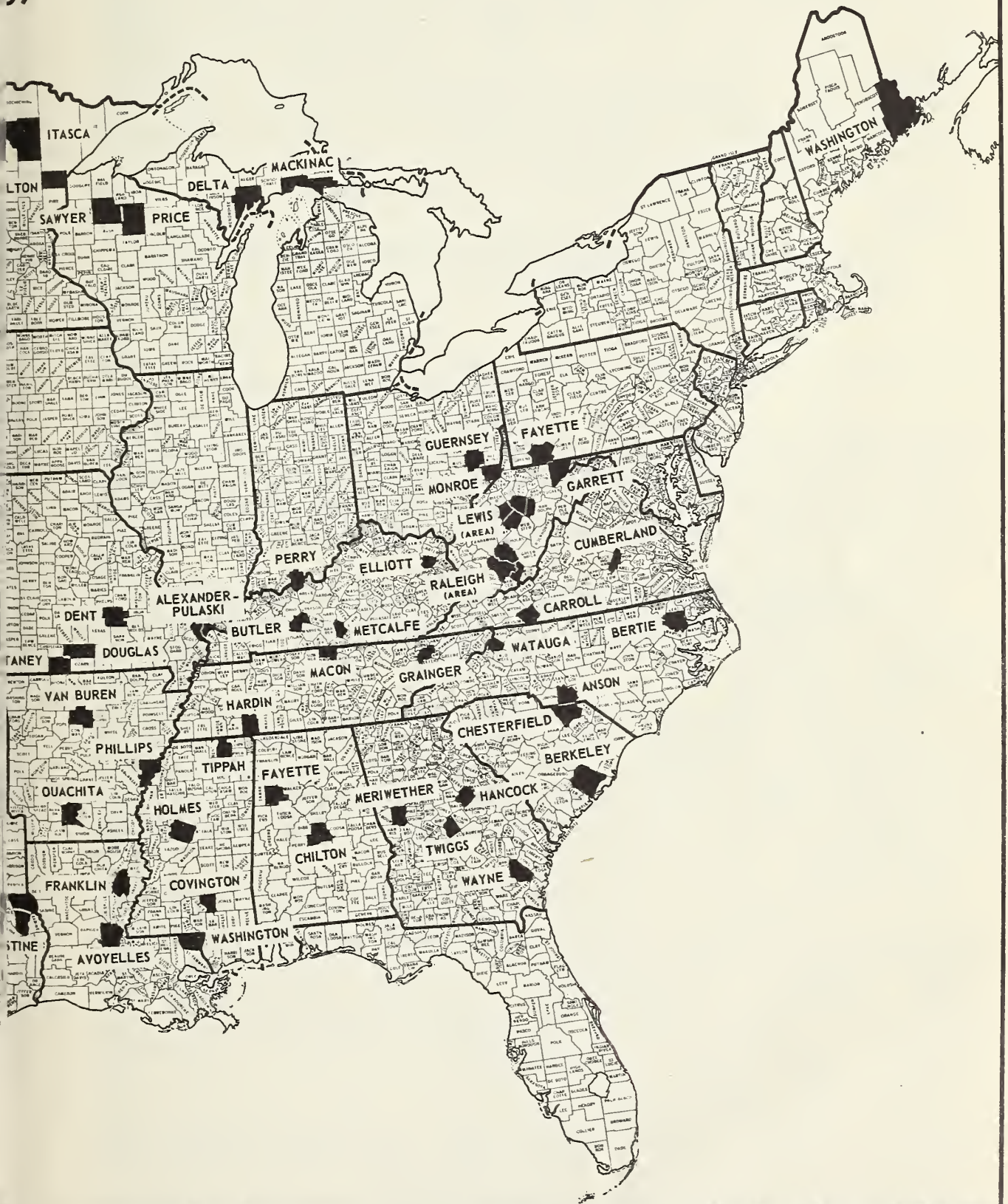
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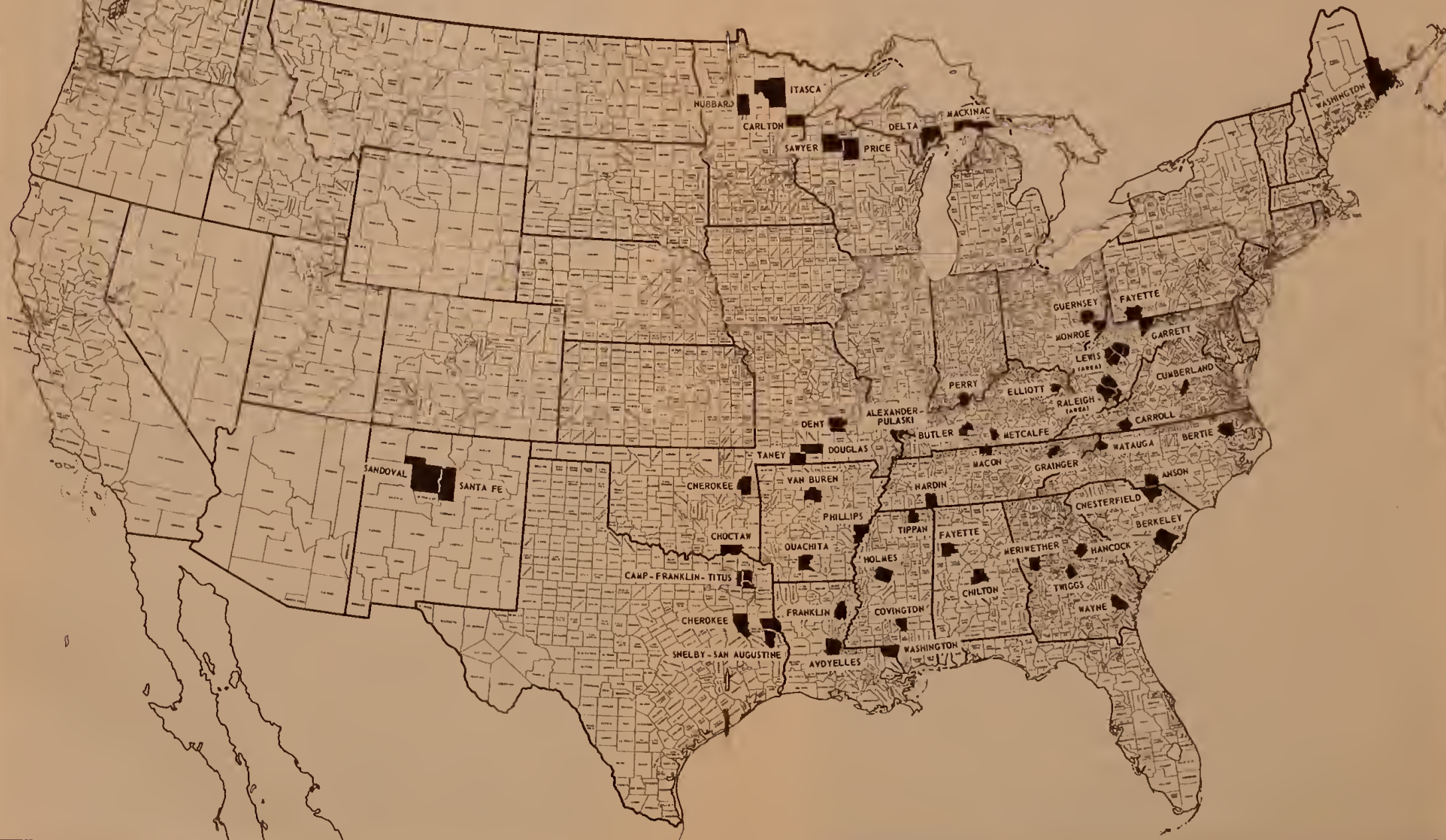


PILOT COUNTIES AND AREAS

57



RURAL DEVELOPMENT PROGRAM PILOT COUNTIES AND AREAS 1956-57



Equipped with this new lending authority, the Farmers Home Administration will be able to provide the crucial financial resources in many pilot counties for home improvement, better buildings, farm expansion, new tools, livestock and other day-to-day costs. Additional FHA personnel needed in these counties to handle this work will be assigned promptly.

The report, "Development of Agriculture's Human Resources" stated, "Low incomes among farmers are in large part traceable to lack of resources. In many instances, sufficient resources could be added to provide for efficient operations.....Despite the progress made by Government and private lenders in aiding low-income farmers, a more organized approach is needed." We believe we are on the way to this "more organized" approach.

A third recommendation dealing with improved agriculture was to:

"increase technical assistance, such as provided by the Soil Conservation Service"

In many underdeveloped rural areas, efficient use of resources means the difference between low-income and prosperity, even where natural resources are limited. One agricultural economist has put it this way: "The quality of the local farmland is frequently of little importance in explaining the existence of community-wide rural poverty. Unfavorable soil, topography, and climate have not prevented (some areas) from attaining a high level of average family incomes." The crucial question is what farmers do with natural resources.

In the Rural Development Program, we are making a special effort to emphasize efficient land, water, and forest resource use to promote the development of agriculture's human resources.

The Soil Conservation Service has been in the Rural Development Program from the start. It contributed to research leading to the program and has taken part in planning meetings, both in Washington and the States. SCS conservationists are members of most State rural development committees.

We received funds this fiscal year to assist State and pilot county committees in improved soil and water resource management. By the end of August, SCS had allocated these funds to State Conservationists working on the program. They will place one full-time soil conservationist and one part-time soil scientist in most pilot counties to help small farmers and advise county leaders on the best use of their soil and water resources.

Many rural areas with inadequate incomes are in forested regions, such as the Appalachian and Ozark Mountains. Forests make up more than 50 percent of some farms in these areas. The U. S. Forest Service is contributing its skills to the Rural Development Program. Forest improve-

ment and new uses for forest products in some pilot areas will add to incomes and increase opportunities for non-farm work. In the 24 States with pilot programs, 198 service foresters help farmers with technical assistance through the Federal-State Cooperative Forest Management Act. We hope to increase this service in many pilot counties. Forest product studies, national forest timber sales, and close cooperation with State forestry departments--all responsibilities of the Forest Service--will help forward economic improvement in program areas.

Other new programs of the Department of Agriculture will help gain the objectives of conservation and land use adjustment in the Rural Development Program. The conservation reserve part of the Soil Bank will give farmers in rural areas an opportunity to better land use. It will help some of them shift into a growing farm industry--tree production for commercial uses. Conservation payments and annual payments will provide income while farmers are making needed changes.

Income Opportunities, A Need in all Areas

The Rural Development Program includes much more than on-the-farm improvement, however. It means balanced agricultural, industrial, and other development leading to better farming and more job opportunities. A main recommendation was:

"Undertake to get more effective programs developed to induce the expansion of industry in rural areas..."

Leaders in Rural Development Program States and pilot counties emphasize again and again the need for industry expansion, for more job opportunities off the farm. We have described (page 9) some of the things these leaders are doing to attract new industry and accumulate capital for incoming business and industry expansion. State institutions and organizations, such as the State college and the industrial development board, have assisted local people in some pilot counties with technical aid, manpower surveys, and information on business opportunities.

The Department of Agriculture has worked closely with the Department of Commerce to give pilot areas all possible aid in industry expansion and prepare for future needs as the Rural Development Program gains increased momentum. Technical materials on area economic development were sent by the Office of Area Development, Department of Commerce, to States that inaugurated programs last year. Representatives of that office met with program leaders in several States, including Texas, Tennessee, and Maryland, to counsel on the industry development phase of their program. In Garrett County, Md., for example, one of the first pilot

counties in the program, they prepared a concise analysis of business and other economic prospects. The Departments of Commerce and Agriculture have given wide publicity to organized programs in pilot counties through materials that go to these important groups: (1) financial institutions, railroads, and utilities; (2) State and area industrial development boards; (3) major businesses and (4) news media serving financial and business groups.

The Office of Area Development, Department of Commerce, will add personnel to help rural areas with their industry development programs through stepped-up technical aid. Technical aid for Rural Development Program counties will be emphasized.

Power sources and good telephone communications are essential if industry is to be attracted to rural areas. The Rural Electrification Administration sends out continuing reports on the Rural Development Program to cooperative borrowers in all States, and particularly in program areas. Electric cooperatives serving pilot counties are kept up to date on program progress in their area. REA is urging them to supply electric and telephone service, when practical, to all families, institutions, and businesses.

The newsletters and newspapers of some electric cooperatives to their consumers publicize the Rural Development Program. Officials of electric cooperatives in a few States are assisting with program leadership and administration in their service areas.

Many farm families in low-income areas do not know where they can find full and part-time employment even when it is available. The problem here is one of communication. Where opportunities for employment do exist, guidance, counseling, job testing, and information must bridge the gap between the worker and the job opportunity. Another of our important recommendations to increase economic opportunity for underemployed farm people was:

"To strengthen the Employment Service in rural areas and further to adapt it to the needs of rural people."

In both sessions of the 84th Congress, the Department of Labor, which is cooperating closely in the Rural Development Program, presented a strong request for the minimum resources needed to help the States act on this recommendation. It was pointed out: "The Bureau of the Employment Security (Department of Labor) and the affiliated State employment security agencies will work in close cooperation in the development of State programs and will initiate about 50 pilot county programs of an experimental nature including:

1. "An economic survey will be conducted in each county....
2. "An inventory of individual workers in the county will be carried on...to determine the worker's skills...."

3. "Where necessary a job development program will be conducted outside the local area.

4. "Low-income area labor markets will be classified..."

The Congress rejected the entire request for these funds. The Department of Labor, therefore, faces severe restrictions in what can be done to assist with the Rural Development Program in the various States.

However, in many States where the Rural Development Program has been started, the independent State employment services, with which the Department of Labor cooperates closely, have been active in the program. Representatives of these offices meet with State Rural Development Committees, either as full or advisory members. The assistance and guidance employment service representatives in some States have already furnished pilot county leaders will be increased with the expanded program in 1957.

In addition to direct program action with the aim of developing more job opportunities off the farm and helping people in these areas make the best use of their skills and abilities, Federal departments cooperated closely in recent months with Congressional committees preparing important legislation for credit and technical aid to both rural and urban areas.

In a report issued last month, the House Subcommittee on Family Farms, pointed out: "The placement of industry in rural areas will find a wealth of sturdy manpower. Despite lack of experience and training in industrial operations, the great majority of rural people have shown they acquire industrial skills quickly...." The inherent skills and abilities of rural people are a major selling point in promoting rural industry development through this and other programs.

To Help Farm People Meet Opportunity

A recent Department of Agriculture release reporting on a Rural Development Program pilot county in Tennessee stated: "Health, sanitation, welfare, and educational needs are of primary concern to leaders in the county. People continue to move steadily out of farming. Health and sanitation are below standard, and many of the children suffer from malnutrition."

Such reports point up the need for a total development effort that involves many resources and skills outside of agriculture. Our recommendations in the field of health, education, social security, and welfare were:

"Request the Department of Health, Education, and Welfare to encourage the States to expand vocational training in rural areas of low income....." Steps should be taken to see that all rural people know how to qualify under the (expanded social security) program, and how to use the social security payments

to get maximum benefits. Improved health should be promoted. Urgent needs are better nutrition, voluntary health insurance, recruitment of medical personnel."

Every program of the Department of Health, Education, and Welfare touches in some way on the problems of farm families in disadvantaged rural areas. Vocational rehabilitation; old-age assistance; aid to dependent children, to the blind, and to the disabled; child health and welfare; public health; education; and old-age and survivors insurance--all contribute to the welfare of individuals and families in rural areas.

Through technical aid and research skills, the Department of Health, Education and Welfare cooperated in preparing the report "Development of Agriculture's Human Resources." Its representatives have been meeting regularly with those of the Department of Agriculture and other departments to plan cooperation with the States in the Rural Development Program and discuss new ideas and new action.

Through its Federal-State programs the Department has encouraged the States to mobilize health, education, and welfare agencies to join in the Rural Development Program. And in its direct operating programs, the Department has taken several actions to forward this work.

In May 1956, vocational education directors in the 48 States met in Washington. The Rural Development Program was given special emphasis at this meeting. These State educational leaders reported on projects to meet the vocational training needs of low-income families. Area vocational schools, special transportation, and itinerant teachers are several of the techniques being used.

The Office of Vocational Rehabilitation in the Department of Health, Education, and Welfare has made a special project grant to the Saranac Lake Rehabilitation Guild to study the needs of handicapped rural people. Other projects include a study of farm operations for the blind and a grant-in-aid for a voluntary society which is studying ways to market products made by rural people whose disabilities keep them homebound.

In April 1956, the first social security checks were sent to retired farm operators throughout the Nation. The 1956 amendments to the Social Security Act extend coverage to an additional 650,000 farm owners and operators.

During the past year, we have intensified efforts to gain a closer working relation between health and agricultural agencies for the improvement of many rural health services.

In several States, leaders in the Rural Development Program have taken action in line with our recommendations to broaden education, health, and other services in program areas and increase the ability of rural people to contribute to community living and the Nation's welfare.

The majority of State Rural Development Committees include representatives of State health, education and welfare agencies.

Within several organized pilot counties, health and education personnel either have a leading part in program direction or are furnishing advisory services. For example, in Choctaw County, Okla., the Health and Welfare Subcommittee has organized a county-wide health council to reach more people there. In Lewis County, W. Va., a health study has been started emphasizing school lunch programs, recreation facilities, medical services, and health centers.

In Tennessee the State Department of Education has placed two vocational education teachers in one of the three pilot counties.

Twiggs County, Ga., has had the help of State health and education agencies in surveying farm family problems in the county as preparation for an organized program of development.

Research Information Supporting The Program

The report "Development of Agriculture's Human Resources," observed that in recent years most agricultural research has been applied to technical problems of production and marketing. Only a limited effort has been directed to such tasks as fitting farm units to a changing economic environment, and finding the most efficient ways of using credit for small farmers.

We recommended cooperative Federal-State research projects which would parallel the Rural Development Program and in many cases be a part of its operation. Two general recommendations were made:

- (1) "Develop needed research in farm and home management, human nutrition, population, marketing, and in evaluating experience gained by the pilot program."
- (2) "Call upon the State agricultural colleges to make substantial research contributions to a cooperative venture..."

As in other areas of the Rural Development Program, our research agencies were limited during 1955-1956 by a lack of new appropriations, requested but not granted until this June. Nevertheless, State and Federal agricultural research staffs have made major contributions to the Rural Development Program through regular projects and attention to program planning.

During 1955-56, the Agricultural Marketing Service concentrated some of its research on the problems of farm people in low-income areas. For example, surveys were made in Texas and Kentucky dealing with the effect among

small farmers of changes in the social security laws. This work has been followed in the present fiscal year by a similar survey in Maine, and plans for additional surveys in Oklahoma and Iowa.

In a nation-wide study, begun in fiscal 1956, the Agricultural Research Service is analyzing records of Farmers Home Administration clients to determine how certain borrowers are able to increase incomes through effective use of credit.

Cooperative ARS-State projects concerned with economic development in low-income farming areas were started in Ohio, North Carolina, West Virginia, and Texas. During the past fiscal year, personnel of the Agricultural Research Service also consulted with State experiment station and other university representatives on approaches to use in rural development and other economic research.

In May 1955 the Department of Agriculture published a detailed list of books, pamphlets, bulletins, and periodicals dealing with low incomes in agriculture. Each reference contains a brief description of material in the publication.

During 1956-57, we will use new and important Rural Development Program appropriations for research to cooperate with States in studies leading to better living on family farms and area economic development. Several of these projects will center on pilot counties. The following projects supporting the Rural Development Program are planned or in the pilot stage:

Economic resource surveys, in which the Agricultural Research Service cooperates with the States, are under way in West Virginia, northeastern Texas, and the Ozarks of Missouri and Arkansas. Field work has already been completed in Texas, Missouri, and Arkansas.

Additional studies are being planned in Kentucky, New Mexico, Pennsylvania, and northern Michigan. Local studies on capital, land, and other resources needed to earn a farm income comparable to other incomes in an area will help in on-the-farm planning.

ARS has added personnel to make special studies of financial and tenure problems in low-income farm areas and to analyze the income levels and resources used on small farms.

Information helpful in long-range financial planning of farm families will be developed in an ARS project studying the durability of household equipment. Other studies, made in cooperation with State experiment stations, will supply information on family living, which will be useful in the Rural Development Program.

The Agricultural Marketing Service began work in July 1956 to analyze marketing changes that improve employment opportunity in farm areas where incomes are low. Two professional workers have been assigned to this project, which will be expanded later in this fiscal year.

AMS is planning several studies to determine population characteristics, employment status, and obstacles to economic adjustment in areas where population is large in relation to opportunities.

A rural parish in Louisiana with a large amount of nonfarm employment will be surveyed to find out the contribution of workers with farm backgrounds to nonfarm industry, and the characteristics of such workers. This project will also measure the effects of new industry on farming in the area and on levels of living of new industrial workers and those who remain in farming.

In Mississippi the Agricultural Marketing Service will participate in analyzing a population survey, under way for some time in that State, and in studying the effect of new industry coming into rural areas.

A joint study with Pennsylvania State University will examine: (1) The relation between type of rural education and migration out of farming, and (2) adjustment to jobs by youth with rural background. Cooperative studies on the same general subject are planned in other areas.

For several years, the Agricultural Marketing Service has carried forward studies on the use of health facilities and voluntary health insurance in rural areas. The emphasis in this work is now on areas of low farm income.

IV.--As the Program Goes Forward

This summary has only touched the highlights of what is being done in cooperation with the States to carry out all the recommendations for a program to develop agriculture's human resources. The present fiscal year is the first in which this Rural Development Program will have a real test based on full cooperation between Government and non-Government agencies and individuals in a broadly representative number of pilot counties.

The year just completed has been a period of organization and preparation, a period in which much time and effort were devoted to formulating an approach and explaining the program. Experience during the past year points up several lessons in program organization and operation:

1. It cannot be emphasized enough that this is not "just another Federal Government program." Federal agencies stand in a supporting role only. Ample leadership potential exists in States and rural communities to provide vital direction. As has been proven by the organized pilot counties which have gone far along the road to economic betterment in a few short months,

the success of the Rural Development Program depends on the interest and leadership of the people who will profit the most, i.e., the people in the counties.

2. Individual State rural development committees need to reach out for the participation of farm organizations; civic, business, credit, and labor groups; and the representatives of education, health, welfare, vocational rehabilitation, employment, and industrial development State agencies. Rural development means total development.
3. Successful methods of helping families on small farms--e.g. farm and home extension work, organized community improvement programs--need to be used broadly. New methods must be pioneered to reach those who most need help.

We do not intend to stop with a program in present pilot counties. What was learned in the Rural Development Program last year will form a foundation for our work this year. The extensive experience gained this year will support an expanded effort in fiscal 1958.

When the program was first presented to the Congress, Under Secretary Morse pointed out that it "has a substantial element of pioneering and should provide for some scouting before a full-scale project is undertaken."

There is widespread support for the kind of effort that will make use of all economic, social welfare, and educational tools in the drive for better family living in underdeveloped rural areas. It is widely recognized that agricultural development alone--better farming and use of farm resources--is not enough to cure the economic ills of underdeveloped rural areas.

V.--Unity on Basic Principles

In the months since we announced general recommendations for the development of agriculture's human resources, interest has mounted in the need for action to bring all rural areas into the main stream of American economic progress.

In speeches, statements and testimony, agricultural specialists, area development executives, farm group spokesmen, and others have called attention to the importance of Government and non-Government programs to stimulate rural development. Two important Congressional committees have issued reports.

The recommendations of these spokesmen and the findings of Congressional committees show almost unanimous agreement on what is needed in underdeveloped rural areas and the crucial role of local leaders. Here are typical comments:

Dean of Agriculture Harry A. Varney, West Virginia University, testifying before the Joint Congressional Subcommittee on Low-Income Families: "It seems to me that a program of helping the people help themselves is much to be preferred to the type of program that acts as a dole and not only fails to stimulate individual and local initiative but actually tends to repress it."

Research and Policy Committee of the Committee for Economic Development in its report, "Economic Policy for American Agriculture," January 1956: "Any policies or programs developed to aid low-income farm areas must be exploratory in nature. ...To deal with (the problem), we recommend measures to increase the economic effectiveness of especially low-income farmers by such means as increasing mobility, improving education, making credit available and facilitating the movement of capital into low-income areas."

American Farm Bureau Federation in testimony by its legislative director before the House Subcommittee on Family Farms, July 16, 1956: "The underemployment of many rural people is a waste of a basic resource. Not only are many people failing to share in American standards of life but they are likewise failing to make the contribution to national strength, production and progress they are capable of making." Some of the Bureau's recommendations:

"That every effort be made to encourage the growth and development of industry in rural areas where underemployment in agriculture is a major problem.

"That educational opportunity in rural areas be improved.

"That emphasis be given to vocational education in industrial subjects.

"That agricultural research ... be expanded.

"That agricultural extension be expanded, and particularly so in those areas in which there are large numbers of underemployed individuals in agriculture."

National Grange in "Summary of Legislative Policies and Programs for 1956": "...special attention must be given to ways and means of raising the income of farm families now receiving an abnormally low income. In general we believe improvement can be attained through a long-range, carefully planned effort to help low-income families, (1) increase their production and their efficiency of production of farm commodities or farm services, and/or (2) gain new income through non-farm employment."

The House Subcommittee on Family Farms, Representative Clark W. Thompson, Chairman, issued a final report August 1, 1956, with these recommendations, among others, for strengthening the family farm:

"Local initiative and cooperation are imperative..."

"Programs for economic improvement can be put into effect far more quickly and beneficially in organized rural communities.

"Vocational instruction should be available...should embrace elementary training in urban pursuits.

"Establishment of a national policy on the widest possible dispersal in the location of industry...

"...provide small farmers with credit to acquire adequate farms and equipment."

The Joint Congressional Committee on the Economic Report, in a report published January 5, 1956, called for increased credit and technical assistance, special extension services, more industrialization and off-farm job opportunities, aid in out-migration, and training in non-farm skills to help families on low-income farms. "...In general terms programs designed to aid depressed areas have much in common, regardless of whether they relate to agricultural or industrial areas." Both types of area require more capital, industrial development, credit and technical aid for small farmer or businessman, increased training opportunities, and better community and health facilities.

In cooperation with States giving leadership in the Rural Development Program, we have drawn up plans and are pushing ahead with an organized effort including almost all the techniques and methods recommended so unanimously by these spokesmen. We have high hopes for the Rural Development Program, and our optimism is based, in part, on the solid agreement on basic principles which is clearly shown in these statements.

Numerous meetings throughout the country in the past 12 months have featured a discussion of the problems faced by farmers in low-income rural areas. Much of this broad interest has been stimulated by the Rural Development Program. Typical of such meetings were the following:

The 13th Annual Professional Agricultural Workers Conference, Tuskegee Institute, Alabama, November 13-15, 1955. Theme of this meeting was "a unified approach in developing agriculture's human resources."

Rural Life Conference, Arkansas Agricultural, Mechanical, and Normal College, Pine Bluff, Arkansas, January 18, 1956.

Association of Land-Grant Colleges and Universities, East Lansing, Michigan, November 15, 1955.

American Country Life Association, Annual Meeting, Morgantown, West Virginia, July 9-10, 1956. Subject of the meeting was "Facing the Problem: Rural Families with Low Incomes."

National Conference on Public Policy, sponsored by the Farm Foundation, Green Lake, Wisconsin, October 4, 1955.

National Convocation on the Church in Town and Country,
sponsored by the National Council of Churches, October
18-20, 1955, Springfield, Massachusetts.

Discussions and papers presented at these meetings have
been of substantial help in leading to a broader understanding
of the economic and social problems of low-income rural
areas and practical methods of balanced farm-industry-
community development.

Appendix I

Funds Requested and Funds Appropriated for the Rural Development Program, Fiscal Year 1957

DEPARTMENT OF AGRICULTURE

| <u>Farmers Home Administration:</u> | <u>1957 Budget</u> | <u>1957 App'ns.</u> |
|---|------------------------|-------------------------|
| Increases provided in 1956 and continued available in 1957: | | |
| Authorization for farm operating loans..... | \$ 15,000,000 | \$ 15,000,000 |
| Salaries and expenses | 369,750 | 369,750 |
| Additional authorizations for 1957 | (a) | (b) |
| <u>Extension Service:</u> | | |
| Payments to States | 890,000 | 640,000 |
| Administration and Coordination | 35,000 | -- |
| <u>Soil Conservation Service:</u> | | |
| Conservation Operations..... | 477,600 | 477,600 |
| <u>Agricultural Marketing Service:</u> | | |
| Marketing Research and Service | 262,800 | 152,200 |
| <u>Agricultural Research Service:</u> | | |
| Salaries and expenses--Research..... | 404,300 | 404,300 |
| <u>Office of Information:</u> | | |
| Special information materials..... | 31,400 | 8,300 |
| <u>Office of the Secretary:</u> | | |
| Overall program coordination | 19,995 | 9,495 |
| Totals, Department of Agriculture: | | |
| Direct Appropriations | 2,490,845 | 2,061,645 |
| Loan Authorizations..... | 15,000,000 | ^b 15,000,000 |

DEPARTMENT OF LABOR

889,400 --

^a The 1957 budget included a proposed 1957 supplemental loan authorization of \$15,000,000 (and related salaries and expenses funds of \$530,000 for the Farmers Home Administration and \$38,500 for the Office of General Counsel) based on proposed legislation for real estate and operating loans to small farmers requiring supplemental off-farm income. This would have provided a total increase of more than \$3,000,000 in appropriations and \$30,000,000 in loan funds.

^b Under recently enacted amendments to basic law which broaden the scope of the FHA lending programs and with the substantial increases in loan funds for 1957, it is anticipated that FHA will be able to meet the needs for loans under the Rural Development Program in the current fiscal year without requesting the additional \$.5 million in appropriations and \$15 million in loan funds shown in the 1957 budget as supplemental requests.

Appendix II

Twenty-four States extending from Maine to Texas and more than 50 counties and areas are participating in the Rural Development Program. Both agricultural and non-agricultural agencies and organizations have a role in program planning and operations. One of the techniques used to keep all program leaders and the interested public up to date is a monthly newsletter reporting progress in the various States and Washington activities concerned with the program. The newsletter also contains other information on rural community improvement work in all States.

RURAL DEVELOPMENT PROGRAM

NEWS

*"We must open wider the doors of opportunity....
for the good of our country and all our people"*
President Eisenhower

Washington, D. C.
March 1956
No. 7

U. S. Department of Agriculture

Selection of pilot counties by Ohio and Wisconsin, further meetings of State Rural Development Committees, and stepped-up organization at the county level highlight recent State activity in the Rural Development Program. A total of 13 States have Rural Development Committees and there are now 37 pilot counties and trade areas, with more in the process of being designated.

North Carolina, County Organization Early in March, representatives of the State Rural Development Committee met with local leaders and agency representatives in the three pilot counties, Anson, Bertie, and Watauga. Enthusiasm was high, with more than 80 people attending each meeting. Steering committees have been organized to survey program needs and recommend permanent county leadership committees.

Ohio, Pilot County Named The State Rural Development Committee has selected Monroe County in southeastern Ohio as a demonstration county. Considerable progress has already been made in Monroe, including plans for industry expansion. Directed by local leaders, a detailed study has been started of economic, social, and cultural conditions in the county. Such factors as labor supply, transportation and communication, electric power, natural resources, population trends, and cultural and civic facilities will be reviewed. Howard Phillips, county agricultural extension agent, has responsibility for coordinating rural development work, and another assistant agent will be added to his staff.

Alabama, New Rural Development Committee The first meeting of the newly-formed Rural Development Committee was held February 14 in Montgomery. After discussing the objectives of a program, the group appointed a subcommittee to recommend one or two pilot counties. P. O. Davis, Director of Extension, is chairman of the committee.

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This newsletter, issued periodically by the Department of Agriculture, is sent without charge to all who request it.

The Rural Development Program NEWS is one of several releases and reports dealing with the program which the Department of Agriculture issued during the past 15 months. Other important items in this series include:

1. Development of Agriculture's Human Resources, Department of Agriculture, April 1955, basic 44-page report discussing low-income farming areas and methods of economic development.
2. Low-Income Farm People, Library List No. 62, Department of Agriculture, May 1955, a bibliography of books and articles on the subject.
3. Low-Income and Level of Living Areas in Agriculture, Department of Agriculture, April 1955, a list of areas where rural low-incomes are an important problem. Counties within these areas are named.
4. Summary of discussions, conference on Rural Development Program, Memphis, Tennessee, June 8, 1955, containing findings of working groups on organization, research, and local coordination.
5. Statement of Under Secretary True D. Morse before the House Sub-Committee on Department of Agriculture Appropriation. Mr. Morse describes the use that would be made of requested funds for the Rural Development Program. (June 21, 1955)
6. A Report on the Working Conference (on the Rural Development Program), U. S. Department of Agriculture, Washington, D. C., July 11-12, 1956.

